DOCUMENT RESUME

ED 045 053 HE 001 894

AUTHOR Mallan, John P.
TITLE Current Proposals for Federal Aid to Higher Education: Some Political Implications.
INSTITUTION American Association of Junior Colleges, Washington, D.C.
PUB DATE 6 Feb 70
NOTE 25p.: Paper prepared for the conference on the financing of higher education of the American College Testing Program, Washington D.C., February 21, 1970

EDRS PRICE EDRS Price MF-$0.25 HC-$1.35
DESCRIPTORS Disadvantaged Youth, Educational Innovation, *Federal Aid, Federal Programs, *Financial Support, *Higher Education, *Political Issues, Political Power, *Public Support

ABSTRACT

This paper considers 5 positions on federal aid to higher education with particular reference to the groups which support or oppose these positions and the apparent political viability of each. The 5 positions are: (1) fuller funding of present programs, both for student aid and institutional support; (2) substantial new programs for student aid, especially for the disadvantaged, and other new programs designed to serve this group; (3) student loan bank proposals; (4) general aid or institutional support plans; and (5) an emphasis on educational "innovation", research and evaluation, as a substitute for other aid programs, with some emphasis on aid to students and the disadvantaged but not aid to institutions. Part II of this paper is devoted to a more extensive analysis of the student loan bank alternative and its political implications. (AF)

ED045053

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY.

John P. Mallan
February 6, 1970

CURRENT PROPOSALS FOR FEDERAL AID TO HIGHER EDUCATION:

SOME POLITICAL IMPLICATIONS

I. Educational Ideas and Political Constituencies

The Purpose of this Paper

The conference for which this paper has been prepared, as well as the hearings on higher education now under way in the House and Senate, should help to clarify some of the substantive advantages and disadvantages of the various proposals now being put forward for federal aid to higher education.

This paper has a different purpose. It is concerned with the particular political constituencies which may support or oppose educational ideas. It is based on the awareness that political coalition-building is a difficult and demanding art. It is easier in a sense to design ideal plans which call for the expenditure of billions of dollars in additional federal aid, or for the radical restructuring of all of higher education, than to develop what may be much less dramatic program ideas around which a majority vote can be constructed in the Congress of the United States.

A sound educational or social program should stand on its substantive merits as well as its broad political appeal. But ideally it should do both. It took years of hard and frustrating work to obtain any major federal aid to education legislation. Most of it came about in the "high tide" Congressional years from 1963 to 1965. Since 1965, there has been a steady erosion of support both in the executive branch and Congress even for existing aid programs. There has been little governmental support for new programs.

At the same time, since 1965, there has been a remarkable surge of interest in new higher educational programs and especially in new approaches to the financing of higher education. Important intellectual contributions have been made by the national higher educational associations, study groups such as the Zacharias, Rivlin and Carnegie committies, the Joint Economic Committee in Congress, and individual political and educational leaders. Indeed, there has probably never been so much concerted intellectual interest in the problems of higher education, particularly on the part of economists.

At the same time, some of the leaders most involved in political coalition-building, in obtaining support for higher education from the federal government, have probably never been farther apart from some of the intellectuals.

This paper has been prepared for the American College Testing Program conference on the financing of higher education; Washington, D.C., February 21, 1970. John P. Mallan is a staff member at the American Association of Junior Colleges. These ideas are his own and not necessarily those of the Association.

HE001294

Five General Positions on Federal Aid to Higher Education

This paper will discuss briefly five general positions on federal aid to higher education, with particular reference to the groups which support or oppose these positions, and the apparent political viability of each. This analysis must necessarily be oversimplified, and the positions are not, of course, mutually exclusive. But they give some idea of the complexities of the political as well as the intellectual problems which confront us.

Part II of the paper will be devoted to a more extended analysis of the student loan bank alternative and its political implications.

For the purposes of the paper, the five positions are defined as follows:

1. Fuller funding of present programs, both for student aid and institutional support.
2. Substantial new programs for student aid, especially for the disadvantaged, and other new programs designed to serve this group.
3. Student loan bank proposals.
4. General aid or institutional support plans. The three principal ideas to be discussed are broad general aid for all colleges, the Miller bill, and legislation designed to aid community colleges.
5. An emphasis on educational "innovation," research, and evaluation, as a substitute for other aid programs, with some emphasis on aid to students and the disadvantaged, but not aid to institutions.

1. Fuller funding of existing programs

The principal constituencies for this position, of course, are the higher educational associations based in Washington, their member colleges, and their political allies, which have recently included other educational associations, the AFL-CIO, and many members of Congress. The associations were active in the long and difficult years of Congressional spadework which led ultimately to the passage of major higher education legislation, particularly the Higher Education Facilities Act of 1963 and the Higher Education Act of 1965. Many of the men now leading the associations were also involved in these earlier legislative struggles.

The association spokesmen are very much aware of the years of negotiation, the painful setbacks and delays before a majority of both houses of Congress was persuaded to accept even the principle of federal aid to education. They are conscious too of the long efforts needed to persuade some of their own leaders to compromise on the emotional issues of race and aid to church-related schools and colleges. Aware of themselves as a minority on the Washington scene, understaffed and underfinanced--a tiny handful of men carry most of the burden of federal relations work--some association spokesmen place an especially high value on consensus and cooperation among the diverse elements which make up higher education--public and private colleges, secular and church-related institutions, universities, colleges, and junior colleges. They have been especially concerned about proposals, including the loan bank, which could divide their small forces in an already very difficult political situation, in which they feel they have lost ground since 1965.

As the war in Vietnam deepened from 1965 to 1969, and inflationary and budget pressures began to mount, the associations became increasingly concerned about the decline of support for existing programs. Ironically, the very programs which the national study commissions most want to expand--student aid programs, especially scholarships for the disadvantaged--have been under the heaviest attack, fiscally as well as politically. Association spokesmen, fighting to save shrinking appropriations for student aid and other programs, find themselves criticized at the same time by some of their opponents for an "insensitivity" to the needs of students and the poor.

Recently, association efforts culminated in the dramatic "full funding" campaign which persuaded a large majority in Congress to vote larger sums for education, but did not have the votes to override President Nixon's veto of the HEW budget in late January. As this is written the struggle for a larger budget continues, and it appears that the full funding group may become more or less permanent on the Washington scene.

Despite the demands on their time to work for adequate support for existing programs, the associations have devoted considerable attention to new proposals. They have urged not only the expansion of existing programs, including programs for student aid, the disadvantaged, and facilities aid, but also new programs.[1]

---

[1] Some associations have also given a good deal of attention to problems related to research, graduate education and the health-related fields, but this paper will confine itself to programs which affect undergraduate education.

Many association spokesmen feel that fuller funding is the most direct and practical way to achieve some of the social goals discussed in the Carnegie and Rivlin reports. They believe that funding present student aid programs, especially the Educational Opportunity Grant program, up to currently authorized levels, or to higher levels, could achieve some of the purposes which the national study groups are most interested in. The same is true of funding other aid programs and such programs for the disadvantaged as Developing Colleges, Special Services, and some parts of the Education Professions Development Act.

To some association spokesmen, more effort invested in the grubby and unexciting work of lobbying for increased appropriations would help disadvantaged students far mor than the mere development of ideal plans. To put it another way--this group says--there is little point in further reports calling for billions of dollars for more scholarships when the executive branch and Congress are unwilling at present to appropriate the hundreds of millions already authorized for this purpose, but so far never appropriated.

Student aid programs, especially scholarships but also funds for work-study, low-interest loans, and graduate fellowships, have been particularly unpopular in some governmental circles in recent years, especially with some members of the House and Senate appropriations committees. One reason is simple budgetary stringency or fiscal conservatism. Another is that some Congressional leaders appear to be unconvinced in principle that the federal government should support large-scale scholarship or fellowship programs.

Student unrest plays a part in the decline in support for student aid programs. But it seems likely that Congress has responded to this problem less by cutting aid funds than by various efforts to cut off funds to individual students involved in unrest, or even all funds to colleges which do not penalize such students. Student unrest, however, has certainly made the situation no easier.

*****

Do the associations and their allies give enough attention to student aid programs and programs for the disadvantaged? Their critics believe that they do not. For example, they point out that only a relatively small part of the proposed increase in the HEW budget for fiscal 1970, the budget vetoed by the President, would have gone for student aid or directly to the disadvantaged.

I believe there is some truth to this criticism; I believe that both the associations and the spokesmen for student aid and the disadvantaged share responsibility.

Politically, the associations have felt that they must speak for the interest of the institution as a whole. They point out correctly that student aid funds cover only a part of the student's own needs; they do not cover the costs of instruction to the institution, nor the costs of new construction. There is no point in student aid, goes the argument, if college facilities and instructors are not available. This is related to the familiar argument that educational opportunity can be expanded both by aid to students and by making more college spaces available and accessible to more students.

Further, in the recent full funding campaign, higher education needed all the allies it could get. A "student aid lobby" alone would have had little chance to win support in Congress, even if this is what the member colleges of the associations wanted; rather, student aid interests had to ally themselves with educational and political leaders interested in facilities, vocational education "impacted areas", and other programs. Only this extraordinary coalition had a chance to defeat the powerful appropriations committees--whose decisions are seldom reversed or even seriously questioned on the floor--and a fighting chance to win two-thirds of both houses and override a Presidential veto. This strategy was particularly justified--goes this arguement--since student aid is one of the less popular programs on some parts of the Hill.

There is a further and very practical argument familiar to anyone who has ever been involved in the politics of budget-making. If, for example, the major associations and their member colleges offered to "give up" all facilities funds in return for additional student aid funds, there is no guarantee that the executive branch or Congress would accept this trade. It is entirely possible that at some stage the budget-makers would simply cut out the facilities funds without adding funds for student aid. This is one reason why most new programs tend to be incremental, adding to existing programs rather than substituting for them, however irrational this may be.[1]

Nevertheless, I believe that the large associations and their colleges, since all of them are increasingly committed to doing more for the disadvantaged and lower-income students, should make a greater effort than they have so far to see this new priority reflected in federal affairs. Several associations have recently employed or are seeking to employ a person who will be a specialist in the higher education of minority groups, especially blacks.

These new arrivals will have many other demands on their time. In federal affairs, much depends on whether they have the time, staff, and know-how to work in this complex area, and whether the associations themselves involve them actively in federal policy-making.

There is also an old saying that "if you want a good time at the beach, you have to go yourself." I believe that the professional groups most concerned with student aid programs are <u>themselves</u> not sufficiently active on the Washington scene, that they have not as yet made a sufficient effort to present their case to the other associations, or to Congress and the executive branch. Nor are they yet organized nationally as a political force which can bring pressure to bear on individual members of Congress. <u>In other words, there is no very strong "student aid lobby" in an organized sense, on the Washington scene</u>.

There are some highly capable people in Washington very much concerned about student aid and very experienced in federal relations; but these people also have many other responsibilities. So far they have not had the time, staff, and funds to make their own case as effectively as they should.

<u>Strange as it may seem, there is also no full-time "lobbyist for the higher education of the disadvantaged" in Washington</u>. Several student aid specialists double as spokesmen for the disadvantaged, but without adequate time or staff.

---

[1]In the case of facilities aid, this discussion may be moot at the moment, since the administration has eliminated all grant and direct loan programs in favor of an interest rate subsidy program which is a very small item on the federal budget. "Giving" all of the interest rate subsidy funds to student aid would not make a great difference.

A few other very capable people, black and white, work in the field of elementary-secondary education, civil rights, and anti-poverty; they are very concerned about the higher education of the disadvantaged but have little time even to think about it, much less lobby on a daily basis. A new organization of predominantly black colleges has just been formed, in recognition that this group has lacked a national voice; they are about to open a Washington office. It may be that they can do part of the job which needs to be done. But some way is needed to actively involve the large associations and the other colleges which educate an ever-growing proportion of non-white and other disadvantaged students.

A final reason why students and the disadvantaged are under-represented in Washington is that some of their more activist and militant leaders have apparently been uninterested in federal aid programs. Many are concerned with national and international issues which they believe have a much higher priority. Others refuse to work with the despised "Establishment", which of course includes the associations and college administrations which are largely responsible for helping to initiate and maintain those federal aid programs now in existence. Some militants reject the ordinary processes of government and politics, or prefer local and community action to concerns about federal aid. The students' power as a political constituency has never been tested because this kind of activity is not their style; for that matter, it is unlikely that the style of the more militant blacks and students would make it any easier to obtain federal aid funds. But even the moderates, greatly outnumbering the militants, have not been heard from, even on an issue like the student loan bank which would affect them all so deeply and personally.

*****

2. Substantial new programs for student aid and for the disadvantaged

These programs receive the highest priority in the Carnegie and Rivlin recommendations; I assume that the reader is generally familiar with these reports.[1] Both would make available billions of dollars a year for scholarships to the most seriously disadvantaged students, and try to attract a great many more students from the lowest income groups and non-white populations to college. Both would also make much larger sums available for work-study and loan programs for the lower-income groups, as well as cost-of-education allowances to the colleges to pay for part of the costs of instruction of scholarship students. Both would expand some other programs for the disadvantaged, such as Developing Colleges and Special Services.

---

[1]The reports referred to are Quality and Equality: New Levels of Federal Responsibility for Higher Education (Berkeley: The Carnegie Commission on Higher Education, 1968), and U.S. Department of Health, Education and Welfare, Toward a Long-Range Plan for Federal Financial Support for Higher Education (Washington: DHEW, 1969), the latter often called the "Rivlin" report. The "Zacharias" report is Equal Opportunity Bank (Washington: President's National Science Advisory Committee, 1967).

The Carnegie Commission report would also begin a major new program of start-up grants for junior colleges, with special emphasis on institutions in areas not now well served, and on facilities grants and loans. The Rivlin report gave less attention to junior colleges and to facilities aid.

Both reports also recommended a student loan bank, under which tuitions would probably rise sharply at public and some private colleges, so that most students would have to borrow substantial sums for their education and pay these debts back through working lifetimes.

The emphasis on the student loan bank immediately plunged both reports into controversy, since this recommendation was vigorously attacked by the spokesmen for several higher educational associations. One result has been that the reports' emphasis on greatly expanded programs for the disadvantaged has received less attention and probably had less political impact than might otherwise have been the case.

Both reports rejected the idea of general aid, which also brought them into conflict with the associations. The Rivlin report raised doubts that a serious financial crisis really exists in higher education, despite the many statements made by administrators and association spokesmen. The Carnegie report, on the contrary, appeared to find a serious and growing crisis. It projected very massive increases in funds for higher education within the next few years from federal, state, and private sources--"private" including students and their families--if its recommendations were adopted. If the loan bank idea were not adopted, a much greater financial burden would fall on federal and state resources as well as private funds.

*****

Do the Carnegie and Rivlin recommendations have a "constituency?" The answer is that they apparently do not have a very large one in terms of the existing political configuration in Washington, for reasons already indicated. The associations feel that fuller funding of existing programs must come first, including some of the programs favored in these reports. The student aid and disadvantaged constituencies, as we have seen, are very much under-represented in federal affairs. The loan bank idea, I believe, has a very small constituency now and a very massive anti-constituency.

There are, of course, some very influential educators, economists, and other intellectuals, as well as some education writers, who strongly favor all of these recommendations, and who believe that only blind self-interest keeps the associations from endorsing them. There is some scattered support for the reports in the executive branch, but the appropriations requested for education make action in the current situation most unlikely, even if the administration were more definitely committed to the idea of very large-scale support for students and

the disadvantaged. Similarly, Congressional support is scattered, though many Carnegie and Rivlin ideas have been embodied in bills introduced in both houses "for discussion purposes," notably the Reid-Brademas bill and the Mondale bill.[1]

Keynes, I believe, wrote that the men of action control the present, but the men of ideas control the future. It is certainly possible that these ideas will gain in political strength. But their emphasis on students and the disadvantaged--with which I agree--has so far not found enough political allies.

Furthermore, the prominent place given in the Carnegie and Rivlin reports to the student loan bank--in my judgement--has weakened their effectiveness in winning educational or political support in Washington.

3. Student loan bank proposals

Part II of this paper will be devoted to a more detailed examination of some political implications of the loan bank. At this point, I would stress again simply that I do not believe the loan bank idea has much of a constituency in Washington or the nation. If it were more seriously put forward, I believe the forces which would be arrayed against it, nationally and in the states, would be very powerful. I believe that it also has limited Congressional support.

However, in addition to the support of some intellectuals, especially economists, the idea appears to have some support in the executive branch, probably little in the operating branches of the Office of Education but more in HEW program planning, in the Budget Bureau and Council of Economic Advisors, and elsewhere in the Executive Office of the President. Part of the support for the idea is, of course, a matter of intellectual conviction. But the idea may also be tempting to some of those actively involved in the budgetary process, who are trying to "get aid programs off the budget" through various indirect financing methods such as subsidizing interest rates on private loans. It may be intriguing to some federal budget-makers to consider ways in which the future support of higher education, at the state level as well as the federal, could be taken off the budget and made a matter of private borrowing.

---

[1]The Reid-Brademas bill is H.R.6535 of 1969, which included many of the Carnegie and Rivlin ideas, but called for a study of the loan bank. A somewhat similar bill, S.1897 of 1969, was filed by Senator Kennedy, Senator Javits, and Senator Prouty in the Senate. The Mondale bill, S.1788 of 1969, was filed by Senator Mondale and many other Senators. It should be understood that these and other bills are often filed "for discussion purposes" and do not necessarily imply a commitment on the part of their sponsors. The Mondale bill, as far as I know, is the only bill which included a detailed proposal for a student loan bank similar to the Rivlin recommendations. It is discussed in Part II of this paper.

There are, of course, some serious questions as to whether and to what extent a loan bank would actually be self-supporting and relatively non-inflationary. Since no very specific plan, to my knowledge, has ever been developed related to the initial capitalization or annual federal subsidies required to operate a loan bank, critics have charged, I believe with justification, that a loan bank might require large sums in federal aid, to establish and maintain. The Rivlin report indicates that this may be the case.

The bank could also be inflationary, if it resulted in general increases in tuition and other college costs (as it is intended to do) and if large numbers of students borrowed considerable sums in an already tight money market. It would be even more inflationary if the plan included interest rates below the market level, forgiveness of debts in certain circumstances, and other features which could easily be added to the bank plan as they have been to other loan programs.

Politically, it is my judgement at the moment that the loan bank advocates, like some of the spokesmen for educational "innovation" in the executive branch (see below) are not in a position to initiate policy, but may very well serve as a veto group, in David Riesman's useful term. In other words, they may not have the power in the executive branch, much less in Congress or the nation, to create a loan bank. But their arguments and intellectual prestige, added to the other arguments against federal spending and against the "Establishment", lend respectability to the notion that it is not necessary or desirable even in principle to expand federal aid.

The loan bank plan apparently has a constituency of sorts among some private college spokesmen as well as a smaller number of public college leaders. One of the reasons advanced for the plan is that it would encourage or almost force public college tuitions to rise and thus do away with price competition between the public and private sectors. Another reason is the assertion that it is the only possible source of major additional funds for public or private college education. Both arguments appeal to private college educators.

However, some of the spokesmen for associations which represent private as well as public colleges have indicated their complete opposition to the idea. I suspect that, if the bank were discussed fully and seriously, a number of private college spokesmen would be won over on the merits or because of an awareness that this issue could divide public and private education far more seriously than the long church-state debate, to the ultimate disadvantagement of the private sector. This point is discussed more fully in Part II.[1]

---

[1]There are other reasons for private colleges to be wary. For example, it is likely that they too would have to raise their tuition and fees still higher, because a loan bank would dry up other sources of support. This could place them at a further disadvantage in relation to public colleges, especially in the case of the smaller and less well endowed private colleges which are already in so much trouble. Further, a good many public colleges and some state systems would probably refuse to raise tuitions; indeed, one can imagine a "strike" against participation in the bank in the public sector, as well as annual attempts to have it repealed by Congress. If some public colleges did not raise tuitions, private colleges which did so would offer their students the double handicap of still higher tuition and long-term debts. This is not exactly the way to save the private college!

The loan bank plan has never been fully or seriously debated and discussed. The reports and articles published so far leave most questions unanswered--the actual cost, the probable debts which students would have to accept, the likely increases in tuition at most colleges, social and political implications, even the mechanics of establishing a bank. The Carnegie and Rivlin reports deal with the bank in only a few pages, and most other advocates appear to take its desirability more or less for granted. The arguments of those who oppose it have never been given a serious hearing by its proponents. Students--the group most affected--have never been consulted, nor their parents, nor most colleges and educational associations.

One of the strongest arguments in its favor, or at least in opposition to low-tuition public higher education, has been developed recently by Lee Hansen and Burton Weisbrod, in relation particularly to their charge that low tuition at public colleges means that lower-income people are paying regressive taxes for the higher education of the more affluent.[1]

This charge deserves to be dealt with in full; I believe there are some answers to it.

But the loan bank itself has been advanced in very influential circles on the basis of relatively little research, much less than it deserves. This is one reason why no real debate has taken place between the proponents and critics of the bank. Hopefully, the ACTP conference and the 1970 Congressional hearings will help to clarify some of these issues.

Politically, I repeat my belief that the loan bank "constituency" is not at present capable of initiating or implementing a program so radical that it could literally restructure all of higher education, tearing down the century of effort which went into building the nation's system of state universities, state colleges, and junior colleges. The bank's constituency may, however, be serving budget-makers as a sort of auxiliary veto group.

*****

4. Institutional support proposals

In the winter of 1966-67, before the war and inflation discouraged major new educational proposals, representatives of some higher educational associations met informally with each other and with federal officials, to explore possible approaches to general aid or institutional support. The discussion centered around proposals which would make available some form of general, non-categorical

---

[1]See their Benefits, Costs, and Finance of Public Higher Education (Chicago: Markham, 1969). A burgeoning literature is developing around the Hansen-Weisbrod ideas.

aid to meet the basic costs of graduate and undergraduate instruction, for most colleges and universities. It was suggested that all regionally accredited colleges might be deemed eligible for general aid.

The outlines of such an aid program are spelled out in the January, 1969 statement of the American Council on Education, Federal Programs for Higher Education: Needed Next Steps. This report, after endorsing the need to expand greatly existing programs as a matter of highest priority, stated that most of the national associations which represent America's 2,400 colleges and universities are in general agreement that, after fuller funding, "the principal unfinished business of the federal government in the field of higher education is the necessity to provide support for general institutional assistance."

While some observers have stated that higher educational groups are unable to agree on a formula for general aid, I believe this is quite untrue. The ACE report is correct in saying that almost all associations and most colleges would support a serious proposal which gave aid to all regionally accredited colleges, with a formula based on enrollment, probably largely on undergraduate enrollment, which also made allowance for the different costs of instruction at different levels of education. Possibly, a "quality" allowance to reflect differing costs of education would also be acceptable.

Strangely, although this idea has been accepted by the associations at least since 1967, to my knowledge no legislation has ever been filed or even drafted, to accomplish this purpose. Some association leaders apparently feel it is politically unrealistic or useless to call for much larger appropriations for general aid at a time when present programs are so inadequately funded. Another reason may be that some of the most interested association leaders and their Congressional allies have given more attention to the Miller bill and to community college legislation.

The Miller bill, filed by Representative George P. Miller of California, has been strongly backed by the state university and state college associations, with support from some other associations and groups.[1]

It is assumed that the reader is generally familiar with this bill. In brief, it would make available substantial federal aid to all accredited colleges, on the basis of a complicated formula which would give special weight to federal research funds already received by the college and to graduate degrees awarded. The remainder of the funds would be awarded on the basis of total undergraduate enrollment in the sciences, defined broadly to include the physical, biological, and social sciences. The largest individual grants would go to the major public and private universities with substantial research and graduate programs.

The Miller bill is oriented toward education in the sciences, would be administered by the National Science Foundation, and was heard before the House Committee on Science and Astronautics. Witnesses from several associations

---

[1]The Miller bill as approved by the full House Committee on September 15, 1969 is H.R.11542.

supported it; opposition came from the American Association of Junior Colleges, which argued that the bill gave too much support to institutions with graduate and research programs and too little to undergraduate four-year and two-year college education. The executive branch has been somewhat guarded in its public comments on the bill, in both the Johnson and Nixon administrations; however, both administrations have apparently opposed the bill because of cost and for other reasons.

The bill was reported out of the full committee in 1969 and went to the House Rules Committee, which voted to delay indefinitely reporting it to the floor. At the moment of writing, that is where it stands.

Those who place a high priority on student aid or aid to the disadvantaged have reason to criticize the Miller bill, since its funds would not be earmarked for these purposes. Others have criticized the emphasis on science as well as on graduate education and research, and have raised doubts about whether such a program should be administered by the NSF. Its supporters, on the other hand, have seen it as an entering wedge for broader general aid, a way to move from a more acceptable form of limited institutional support to broader support over time.

The second more limited general aid bill is the Comprehensive Community College Act or the Williams bill, filed in 1969 by Senator Harrison Williams of New Jersey and many other Senators and Representatives.[1] The House and Senate are expected to begin hearings on this bill as I write. A similar idea has been circulating in HEW in the past year, where Secretary Robert Finch, Commissioner of Education James Allen, and others have been discussing a community college bill which would give special attention to statewide planning and to support for vocational education and possibly manpower training. At the moment of writing, budgetary and other considerations make it uncertain whether there will be an administration community college bill in 1970.

Like the supporters of the Miller bill, most community college act supporters have indicated that they are not adverse to some broader legislation which might provide general aid at all levels of higher education. But neither group has been willing to wait for this broader plan to take shape; both are moving bills through the legislative process.

As I write, it is uncertain whether either House of Congress will pass either the Miller bill or a community college bill, whether the President would oppose or veto such legislation, and whether in any case either program could expect to be funded in the immediate future. But the political success of both bills so far is indicative of the political vitality of the general aid approach, the feeling of many educators, association spokesmen and political leaders that there is indeed a financial crisis in education and that the federal government has a legitimate responsibility in this field.

---

[1]The Williams bill, or Comprehensive Community College Act, is S.1033, of 1969. Similar bills were filed in the House.

The popularity so far of both the Miller bill and the Community College Act is indicative of the political importance of an organized constituency. These ideas have advanced in the past two or three years while proposals for broader general aid have not even been drafted as legislation, and political support for new student aid programs for the disadvantaged has languished.

The Miller bill in its present form, whatever its other merits, does not do very much for the disadvantaged per se. (A brief amendment to the bill added in committee, related to the disadvantaged, does not in my opinion change this situation very much.) Conceivably, the bill could be rewritten to serve this group; it would probably be necessary to change the overall formula to favor undergraduate education, and also to earmark specific funds for colleges serving large numbers of disadvantaged students, and to require that these funds be used only for these students. The resulting bill, however, would be so changed that it would scarcely be the Miller bill.

It is difficult for me to be completely objective about community college legislation because of my long involvement with this field. However, I believe the Williams bill in its present form does something for disadvantaged students, but not enough. By making funds available for comprehensive community colleges, and by requiring that funds go to colleges with low tuition or adequate student aid programs, the bill would provide funds to some extent to those colleges with substantial enrollments of lower-income students.

However, it would be easier to amend the Williams bill than the Miller bill to provide assistance to colleges with large numbers of disadvantaged students. Such colleges could be provided with a cost-of- education allowance for each such student enrolled, or offered some system of incentive grants or project grants to help educate the disadvantaged. The Williams bill approach could also be modified by more emphasis on programs for teacher training related to the disadvantaged, community services programs to achieve the same purpose, and so on.

At the same time, a program intended to reach all disadvantaged students would have to include similar support for four-year colleges, including predominantly black colleges and other which enroll many lower-income students.

The Congressional hearings on higher education now underway could serve this purpose. The House and Senate education committees are in a position to bring together educational spokesmen and others, to discuss ways in which both present programs and new programs could be amended to give higher priority to the education of the disadvantaged. The Miller bill and community college ideas can be re-examined in the same light.

The hearings, indeed, offer Congress, the executive, and the associations and their member colleges a remarkable opportunity to review present programs and to decide on new ones.[1]

---

[1]One new program I'd like to see considered is federal aid to state boards of higher education, and perhaps to individual colleges, which are developing new master plans for the higher education of the disadvantaged. Such a provision could be part of the community college act, but it could also be written into other programs as well. Even the funds now available for the state higher education facilities commissions, and for the state boards of vocational education, could be related more closely to the needs of the disadvantaged. All of this assumes, of course, that the political will and the political constituency exist in the associations and the Congress, to move in this direction.

5. The "innovationists"

There may be a question in some minds as to whether this last group is really a "constituency" in the sense which I have used this expression. Indeed, I am not sure how many people in Washington are aware of its existence.

I refer to a group of people in HEW and the Office of Education, the Budget Bureau and the Executive Office who may be liberal or radical in their social views, but believe that there is little value in giving additional support to institutions of higher education or even in dealing with the "Establishment" in the educational associations. Although small in number, this group apparently has some influence, and undoubtedly allies at the colleges, in the intellectual world and the media, and among those who are generally more concerned about change in education and in American society rather than more adequate support for the institutions and programs we already have.

To some extent, the magazine Change seems to speak for this group, at least in those articles which call for sweeping reforms of the educational system. Similarly, the innovationist group appears to have considerable sympathy for the views of some student and black radicals or militants.

The most complete expression I have seen of its views is the report of the USOE Subcommittee on Easing Tensions in Education, headed by Gregory Anrig, an assistant to Commissioner James Allen. Part of this report appeared in the Chronicle of Higher Education for October 13, 1969, and there is a briefer reference to it in the New York Times for October 6.[1]

The subcommittee report is in part a response to the problems of student unrest. The position taken is a familiar one: student unrest must be understood in terms of the broader problems of American society. "...major reform in the society itself will have to begin before a significant reduction in educational crisis and unrest can really be expected." Elsewhere, the primary causes of unrest in colleges and society are cited as:

> "Dehumanization of society.
> Inequitable distribution of wealth, power, and prestige.
> Irrelevancy of the educational establishment.
> Cultural exclusion."

Since the society has not developed mechanisms or means to resolve these conflicts, the report continues, we cannot expect an end to trouble on campus or off.

---

[1]This report, or at least the Chronicle excerpts, deserves much more attention than it has received. I do not believe it has ever been officially released by HEW.

The Office of Education should become "the advocate of change at all levels of our educational system. This advocacy role should include leadership in supporting students and communities seeking ways to influence educational institutions and also in devising new kinds of institutions at variance with traditional modals."

Further,"HEW should not support the educational establishment's desire to maintain current allocations of power and control within schools and universities," and "it is essential for HEW to break out of its overreliance on the trade associations for information about what is happening in the schools and colleges."

This manifesto has received relatively little attention, although there have been later indications that the administration may place a special emphasis upon "innovation" in education and also upon research and evaluation of educational programs rather than upon support for either existing or new programs. The report also indicates that this group would prefer that present and future federal aid go to students rather than to colleges, presumably strengthening the students' hand in bringing about change. There have been some indications that this general approach might be combined with a student loan bank. In any case, many proponents of the innovationist view apparently view with skepticism proposals for general aid, and appear to feel there is little point in dealing with or listening to the "trade associations" which represent the nation's colleges.[1]

On the other hand, most association leaders and other "Establishment" spokesmen, in and out of government, who are responsible for what social legislation we now have, simply do not believe that we can simply shut off the educational process for a year or two while we "evaluate." A failure to appropriate more adequate federal funds simply means that some programs and some students will suffer,somewill not be admitted to college at all, and that some funds will be raised by placing an even greater strain on often regressive state and local taxes and on private resources.

The subcommittee report appears to demonstrate considerable hostility for the political processes by which social changes have previously been brought about in this country and the kinds of people--executive department officials, members of Congress, association leaders--who have brought them about. It is

---

[1]Some of the same people have reacted similarly to the Title I program in elementary-secondary education, to Head Start, and some other programs. Arguing that such programs have "failed," and that "the Establishment"--in this case, the public schools, the NEA, and state departments of education--"cannot" educate our children, the response in some cases has been to urge that present aid programs be cut back, that more funds be spent on research and evaluation and less on program support, that the NEA, AFT, CCSSO, and public school agencies be ignored or bypassed, and that funds go directly to students and their parents through a voucher system, or to community controlled schools.

difficult in any case to imagine this administration and Congress using HEW personnel and funds to force radical change in America's colleges, much less in society as a whole. It is also difficult to imagine Congress appropriating funds to support student protesters and community protesters rather than the formal machinery of American colleges, state departments of education, and local school systems. Indeed, the trend for several years in OEO, Model Cities, ESEA, and several other programs has been away from giving funds to "adversary" groups, a trend some of us view with some misgivings.

I believe that the "innovationist" constituency is small in the federal government and even smaller in Congressional decision-making. Undoubtedly, it speaks for many students and non-whites, and for others dissatisfied with many aspects of the educational process. I do not believe it can bring about major changes in the federal government--and I can scarcely imagine it trying to do, in a serious way, from within the administration--but it can help to serve as another veto group. Like the advocates of the loan bank and the radical critics of Title I of ESEA and of Head Start, it offers an intellectual respectability for fiscal conservatism, liberal-sounding reasons for doing little or nothing.

The "Establishment" group, a powerful constituency in Washington, differs from the innovationists in many ways. One is its belief that whatever the need for change in higher education, it needs very substantial financial support now, to support the education of the millions of young people coming up through the system. Their education, the "Establishment" argues, cannot wait for years while we debate the need for fundamental educational and social reforms, or try to bring about these reforms.

*****

Conclusion

The thrust of this paper is clear. The strongest political force for higher education in Washington today is that which seeks fuller funding of existing programs. This constituency, represented by the associations and their member colleges, probably has more strength and unity than ever before, and powerful allies in other educational associations, the labor movement, and in Congress. It did not have the votes to overturn a Presidential veto, but its future strength remains to be tested.

The constituency is united around the importance of full funding. It does not give as much attention as I would like to the problems of student aid or the disadvantaged. In part, this may be a reflection of political realities, what Congress will buy, where the allies are. In part, I believe it is because neither the student aid forces nor spokesmen for higher education of the disadvantaged are well enough organized to make their case effectively, to the associations, Congress, or the executive branch.

The higher education group is united in principle around the idea of general aid. Some groups are working for the Miller bill or the community college act. Neither association leaders nor Congressmen have yet sat down together to review these two ideas, the broader general aid position, and the needs of student aid and the disadvantaged as possible components of a single legislative program. I believe this would be a very useful next step in overall higher educational planning.

The most serious obstacles to additional federal aid are the budgetary and fiscal priorities of the administration and many members of Congress, some doubts in Congress about student aid and aid for the disadvantaged, and to some extent the unfavorable climate created by student unrest.

It is my belief that so far the other major proposals--the loan bank approach and the "educational innovation" position--in practical terms serve more as arguments against federal aid than as the basis for positive proposals for change. Neither has a large constituency, at least in Washington. I believe that either idea, if advanced in the form of major new legislation, would lead to a massive political mobilization in opposition. Both views deserve a more careful and thorough review than they have yet had, both substantively and politically.

*****

II. Some Comments on the Student Loan Bank

Part I of this paper has dealt with some political implications of alternative proposals for financing higher education. A paper of greater length would be required to do justice to the tangle of substantive, economic, and political issues which surround the loan bank controversy. What follows can only be a first statement.

The loan bank should stand or fall primarily on its own merits and not on political feasibility alone. I share the views expressed by Howard Bowen and other critics, the substantive reasons they advance for rejecting the bank. I will confine myself here to some political considerations.

If an administration or an influential Congressional group were to propose the loan bank as a serious policy alternative, I believe the first consequence would be the organization of a massive political alliance to defeat it. This alliance would include a great many educational and political leaders identified with public higher education as well as many spokesmen for private colleges. There would be substantial support from state government leaders, the labor movement, and many others identified with the principle of relatively low-tuition higher education.

The nation's public colleges--state universities, stste colleges, junior colleges--now enroll about three-fourths of all college students, more in many states. They will soon enroll a still larger proportion. They are located, of course, in every state and most Congressional districts, and they know how to use the telephone. The political strength of such an alliance would be formidable.

I believe that the anti-loan bank alliance would include not only higher education associations and college administrators, joined, I am sure, by the NEA, the American Federation of Teachers, and other groups identified with elementary and secondary education. The alliance would undoubtedly also appeal to the millions of college students who would be directly affected by a policy of higher tuitions and larger debts after graduation, and to their parents. Boards of trustees, college faculties, and groups long identified with public colleges--farm organizations, business groups, and so on--would be mobilized. In many states, most community leaders, lawyers, school teachers and elected officials are graduates of public colleges and identify with these colleges; all of them would be appealed to.

I suggest that no one in public life take these predictions lightly. The fight to save low-tuition colleges and junior colleges, to prevent the passage of a loan bank, could easily take on the proportions of a major crusade.

The effect on private higher education of such a campaign would be several-fold. First, some private college educators and their association spokesmen already oppose such a plan, including the leaders of the American Council on Education. Others, I believe, could be persuaded on the merits that the plan is unwise and that their colleges might remain at a serious

competitive disadvantage, if public colleges boycotted the bank and did not increase their tuition as much as anticipated. The smaller and less well endowed colleges, which already have serious problems of quality competition as well as price competition with public institutions, might be further disadvantaged if they tried to take advantage of the loan bank.[1]

Other private college spokesmen who support the loan bank in principle might be ıdissuaded because of the divisiveness of this issue, once it is fully discussed. Like everyone else in higher education, they are aware that the federal aid programs of recent years have been made possible only by the closest cooperation between public and private education, church-related and secular schools. The public and private sectors, indeed, have been brought much closer together through the mechanism of federal aid. This consensus could be jeopardized by the emergence of an aggressive "public college lobby" fighting the loan bank and--however unintentionally--seeming to be in opposition to private education. This is particularly true in the current political situation, which calls for a united effort on the part of every public and private college to save existing programs. The need for unity may become even more pressing if the federal courts rule against the constitutionality of some forms of aid to church-related education, as is possible in some cases about to be decided; if this should happen, the private sector will desperately need allies in its search for new approaches to federal aid.

In other words, for both substantive and political reasons private colleges have reason to question the desirability of a major battle with a nationally organized public college lobby, in support of a loan bank plan which would probably have little chance of acceptance by Congress in any case.

In this age of concern about student attitudes, it is surprising that no one has apparently sought out student reactions to a plan which would require them to pay much higher tuitions and take on substantial debts after graduation. Some loan bank supporters, to be sure, have suggested that the bank would be a way to enhance "student power" or "consumer sovereignty," giving students the funds to attend the college they wish, perhaps to force changes in a given college, even to found new institutions. The hitch, of course, is that students would have to assume large debts in order to do so. Many of them, certainly the more militant and activist radicals and blacks, have been saying in ever-stronger language that they believe American society should reorder its priorities and provide more resources for higher education, not less. Moderate students would be no more enthusiastic about a plan which forced them to accept higher tuitions and larger debts--if the alternative of lower tuition and additional student aid were available.

---

[1]It has been suggested that there is nothing now to prevent private colleges, especially those which feel they have a very high quality product to sell, from setting up their own private loan bank, lending much larger sums to students and raising tuition proportionately. The trouble begins when such colleges want to create a national, federally supported system to drive up tuition and student debts at all other colleges.

Indeed, new heights of student dissent might follow upon the introduction of a loan bank program, dissent in which militants would be joined by many moderates. In any case, as far as I know, the students have never been asked, even by the advocates of "student power" in the executive branch.

It is quite true that both the Carnegie and Rivlin reports--though not the Zacharias plan--call for very large-scale scholarship and aid programs for all lower-income students. However, I have indicated that there is little or no political support at present in the administration or Congress for these additional billions or hundreds of millions of dollars. If the loan bank plan did pass, it might not be accompanied by student aid programs; if student aid were included, it might be reduced or eliminated in future years; the history of the years since 1965 is not very reassuring in this regard. The reduction of aid would leave the poor and the black student "on the loan bank," along with middle class students.

More likely, serious proposals for a loan bank would simply divide the forces which now favor federal aid, lead to a long anti-bank campaign, and divert scarce and precious political resources which are badly needed right now to work for more adequate funding.

If the loan bank became law, it could conceivably lead to a sort of class war of the poor against the near-poor or lower middle class, and to some extent of whites against blacks. The recommendation of the Carnegie and Rivlin reports is that students from the lowest quartile of family income would receive the most substantial aid, and probably not have to go into debt. Those in the second quartile would receive somewhat less support, probably on a sliding scale so that there would be no aid as the student's family income approached the national median. Thus, most students now in college, including many from lower-middle and middle income families struggling to pay their way, would receive no benefits, be forced to pay higher tuition, and have to go heavily into debt. The most well-to-do students, of course, could afford higher tuition and would leave college with little or no debt.

Much has been written in the past year about "Middle America," the large part of our population with family incomes from about $5,000 to $12,000. This is a politically powerful group, and in many parts of the country, north and south, a frustrated and angry group. Much of it is white, old American stock or recent immigration. This group does not share fully in America's affluence; at the same time, many have the notion that federal aid programs benefit only the poor and the black.

In the New York City mayoralty campaign of 1969 and similar campaigns elsewhere, there was a widespread feeling in Middle America that "the rich" and "the intellectuals" were allied with the poor and the black in a pro-Lindsay conspiracy against the mostly white lower middle classes. The final vote reflected very much this division along class and ethnic lines, as has been true in other recent elections.

This crude conspiracy theory unfortunately sounds somewhat like a description of the effect of the loan bank, especially if combined with scholarships for the poor. The wealthy could pay for college and leave with little debt; the poor would go free; but the lower middle classes would suffer from the triple burden of no scholarship aid, much higher tuition, and what could be large long-term debts. (Many middle-class and lower middle class blacks, also very interested in college, would also have to assume these burdens.)

Of course such class discrimination is a caricature of what the loan bank advocates want. Their concern is to reallocate scarce resources, help the poor, eliminate some of the inequities caused by often regressive state taxes, and move the nation politically and philosophically to accept the view that the student benefits so much from his education that he should pay for much more of it. But one effect would be the discrimination along class and racial lines I have suggested.

It really did not take Lee Hansen and Burton Weisbrod to tell us that our state universities and colleges are to some extent middle class and upper middle class institutions. A drive along Fraterntiy Row or attendance at a football game at a large state university would lead to the same conclusion. Nor is there a question that when state universities, and to a lesser extent state colleges and junior colleges, have spoken of educational opportunity "for all," they have often had in mind the son of lower middle class parents who is upwardly mobile, the child of Oklahoma dirt farmers or Chicago immigrant steel workers who is the first of his family to go to college. We know now, if we did not a few years ago, that our four-year and two-year colleges have not really extended equal opportunity to the children of the very poor, black, Spanish-American, or white. That is part of the unfinished business of public as well as private higher education today.

Now our colleges are beginning to make the effort, through recruiting drives, special admissions procedures, better counselling, substantial student aid, new programs and teachers to make up for the centuries of neglect of the black and the poor. Some of them, prestigious private universities as well as brand-new community colleges, are beginning to have an effect. They need federal aid very badly in their drive toward equality--aid for students and for the institutions. More states will undoubtedly begin to follow New York State and New York City and move toward a policy of open admissions, with all the problems this means.

Most social reforms in America and other Western democracies have taken the form of extending opportunity downward from the well-to-do to the poor--first providing free universal grammar school education, then nearly universal high school education. Now we are moving toward the "common college:" college education or post-secondary vocational education and training, if not free, at least within the reach of everyone, with special

help for those who need it most. But no one suggested that the well-to-do should have to pay tuition for elementary and secondary education in order to extend it to the poor; rather, middle class political support for the public schools was mobilized politically in order to extend educational opportunity downward. Similarly, middle class support for state universities and community colleges--in my opinion--should not be antagonized or penalized by a loan program which would force heavy debts upon middle class families, but by persuading the middle classes that the low-tuition colleges which served them and their children should be expanded to serve the poor as well.

There have been some suggestions that the loan bank could serve simply as an <u>option</u> to other plans, one of a range of alternatives which would include the present mix of scholarships, work-study, and low-interest loans. Such a plan could take care of special needs, or allow those willing to do so to take on larger debts to pay for a more expensive and presumably better education.

To some extent, the present Guaranteed Student Loan Program, adequately funded, may serve this purpose. However, opponents of the bank fear an optional or pilot bank plan as an entering wedge. Once it came into existence--say its critics--it could serve to dry up other sources of support from the federal government and non-federal sources.

A future administration or Congress, hard-pressed financially, might be tempted to expand the bank and cut back on other student aid funds. Similarly, the existence of the bank could encourage state legislatures--also hard-pressed for funds and in some cases controlled by those hostile to spending and/or perturbed about student unrest--to cut back on state support. Private resources might also be harder to come by if a bank were on the scene. The temptation to raise tuitions in both the public and private sectors might be overpowering, especially since so many loan bank advocates <u>want</u> to raise tuitions and do away with the "price differential" between public and private colleges.

*****

The Bank as a Political and Economic Power

The whole loan bank issue has been researched far less than is generally realized. The Carnegie, Rivlin, and Zacharias reports, as well as most of the articles in the 1969 Joint Economic Committee report and some of the other loan bank papers, appear to take the bank almost for granted, citing only briefly such arguments as the scarcity of resources, the private benefits of higher education, the lack of proof of social benefits, and so on. To my knowledge, no loan bank advocates have ever tried seriously to sit down with opponents of the bank and really discuss the many issues and questions these critics have raised, nor do I know of any published article which tries to deal seriously with these criticisms.

One of the least researched but most important problems of the loan bank would be its actual relationship to the federal government as well as to the colleges and students. How would it be organized? How would appointments be made to its board? Where would it obtain funds for initial capitalization? How large would its deficits be in its early years, and would the federal government make these up through annual appropriations? What control would or should the government have over its interest rate policies, the terms of its loans? Would its interest rates be subsidized or regulated by the government? How large an economic enterprise would the bank grow to be? What would be its possible relationship to federal economic and fiscal policies? Would it be inflationary? How would it relate to tight money or easy money policies and debates?

Would it ultimately emerge as a financial institution to which a large number of all the college students and college graduates in the United States were in debt, over many years of their life? Would loans be extended for vocational education and training, or even for personal usage, thus making an even larger part of the whole population debtors to one large financial instrumentality, outside the federal government but related to it?

Would it be the subject of annual Congressional battles over its basic charter, efforts to repeal it or change it? Would there be annual efforts to decrease or increase appropriations to the bank to affect its interest rates? Would it be the subject of "forgiveness" amendments like other student aid programs--proposals that loans to school teachers, social workers, medical personnel, veterans and others be cancelled? Would it become embroiled in controversies over whether loans should go to students involved in unrest, radicals, efforts to require loyalty oaths, selective service controversies, debates or legal problems about loans to students at church-related colleges, controversies about loans to students at colleges which refuse to abide by civil rights legislation?

Every other federal aid to education program--as well as most programs related to money and banking policy and other fiscal policies--has become involved in such controversies. There is no reason to believe that the bank would not. If it came to lend large sums of money to very large numbers of students at public and private colleges, to be a principal source of support for most colleges, it would be the target of every group, "liberal" or "conservative," interested in affecting either educational or fiscal policy.

Of course other federal aid programs have also been the target of loyalty oath laws--it took years to end the NDSL loyalty oath proviso. These programs are also the annual target of student unrest amendments. But the diversity and pluralism of our present college system--something the bank advocates say they wish to protect--as well as the number of different aid programs, is some protection against one gun to the head of all of higher education. On the contrary, if there were a single bank, tuition had been raised so that most students and most colleges had to rely on it, and other

federal and non-federal sources had dried up, a great many more students and colleges would presumably be dependent on One Big Bank.

We have only sketchy blueprints for a bank, in the Rivlin report and the Mondale bill, S.1788 of 1969, filed by Senator Walter Mondale of Minnesota and others. The Rivlin report devotes only a few pages to this subject. It suggests an independent, non-governmental bank, chartered by Congress, and of course subject to annual Congressional amendment of its charter. It would be headed by a board of directors, five to be chosen by the President with Senate approval, 15 to be chosen by Congress.

Those who borrowed from the bank would not pay interest while in college (they could borrow for up to five years of undergraduate education and five more years of graduate study), nor after college for up to three years of service with the military, the Peace Corps, or VISTA. During this period the federal government would pay interest on all outstanding loans. At the end of this time, the borrower would arrange for an annual repayment schedule over a period of up to 30 years. In the event of default, disability, or death, the federal government would pay the loss; the government would also pay for any year in which the debtor's earnings fell below a specified level. Loans would be collected through the Internal Revenue Service. The federal government would also pay for collection costs from general revenue, and for "start-up costs" during the early years. The report does not suggest that the government finance initial capitalization or lend money to the bank in its early years at lower than the private market rate. Nor are there suggestions that the federal government approve interest rates or regulate the length of loans.

The Rivlin report plan is advanced only for purposes of discussion. However, this description indicates that such a bank would by no means be "independent" of the federal government.

The Rivlin report estimated that if this program were initiated in the fiscal year 1970, its cost to the federal treasury in annual appropriations would rise from about $200 million in FY 1972 to about $740 million in FY 1976, and more slowly thereafter, because of collection debts, cancellations due to death, and so on. This is considerably more than the amounts appropriated in recent years for most student aid or institutional support programs, of course.

The Mondale bill would also create a bank related in many ways to the federal government, and especially to the Treasury Department in terms of interest rates and lending policies. In this version, there would be a board of fifteen members, experienced in higher education, finance, banking, and public affairs, to be appointed by the President with Senate approval. At least five members would be students at the time of their appointment, at least two of them beneficiaries of federal student aid programs. (A political mind might note that the five students and three others could conceivably control this multi-billion-dollar enterprise.)

The plan is otherwise similar to the Rivlin proposal, except that it states that "The bank is authorized to issue and have outstanding obligations having such maturities and bearing such rate or rates of interest as may be determined by the bank with the approval of the Secretary of the Treasury." The Secretary is also entitled to guarantee obligations issued by the bank, "upon such terms and conditions as he may describe," and is granted some other powers related to payment of liabilities, final collection, and so on. Thus in this version of the plan the Secretary

of the Treasury--the government--is placed in a position to affect substantially the working of the bank. The power to regulate interest rates and dates of maturity of securities--which could also affect student loan policies--recognizes that the bank could play a significant part in the nation's economy. But such federal control could also make educational policy in part an instrument of fiscal policy, and make students and colleges dance to whatever economic tunes the government of the United States felt were in the national interest.

I believe that any bank which loaned very large sums to students, and whose debtors included many or most college graduates in the country over their working lifetimes (and perhaps many non-college students, if they were included in a so-called "National Youth Endowment" as proposed by James Tobin and others) would be a continuing center of political, economic, and educational controversy. It could become almost as controversial as the one-time Bank of the United States, or the Federal Reserve Board. I do not believe this question has been examined with a fraction of the care which it deserves.

*****

In conclusion, the case for or against the bank must rest fundamentally on whether it is either desirable or possible to reverse a century of American educational experience, to propose at this late date in history that most American college students should have to pay much more and assume much larger debts at the beginning of their adult lives, something demanded of no previous generation in this country and of students in no other country.

I have suggested that I believe the loan bank "constituency" is too small to actually carry such a program through Congress, once it is fully debated. But it may be influential enough to help delay support for other kinds of federal programs. It appears necessary, therefore, to lay Frankenstein to rest once and for all, so that the nation can continue its long drive toward universal higher educational opportunity.

****